

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

August 26, 2011

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

Ref: GL 5871

OAHU

Authorization to Enter into the Agreement Affecting the Head Start Facility as Part of General Lease No. 5871, Honolulu Community Action Program, Inc., Lessee; Waianae, Oahu; TMK (1) 8-5-002:012

BACKGROUND:

Pursuant to General Lease No. 5871, Honolulu Community Action Program, Inc. (HCAP) leases the subject 3.888-acre State parcel for multi-purpose community facility purposes. The lease is for a term of 25-year commencing on January 1, 2007 and expiring on December 31, 2031. HCAP utilizes a former 442<sup>nd</sup> Regiment barrack on the subject State parcel with an area about 30,000 square feet to operate a Head Start facility.

In June 2009, HCAP received a grant from the American Recovery and Reinvestment Act ("ARRA") to improve the facility. The grant was spent on items including abatement of lead based paint on sidings and frames of exterior walls, electrical wiring, drywall installation and termite mitigation, with a total cost of \$308,234.03. An additional \$58,000 was also paid for the interior upgrade of the Head Start facility. The total improvement cost amounts to \$366,234.03. According to the terms of the grant agreement, a federal interest in this amount must be granted to the Administration of Children and Families, a component of the United States Department of Health and Human Services.

During an inspection by the federal Office of Head Start in January 2011, it was determined that HCAP did not file the proper acknowledgement of the above mentioned federal interest under GL 5871. The purpose of this request is to seek the Board's authorization to execute a document pertaining to the federal interest under the lease.

REMARKS:

The Board has previously granted its consent to executing federal interests pursuant to ARRA grants to non-profit organizations that are lease tenants on State lands. At its meeting on April 21, 2011, under item D-10, the Board gave its consent to the federal interest over the Waianae District Comprehensive Health Center regarding a substance abuse treatment center and a new medical clinic building. According to the submittal, staff advised the Board that the federal interest only affected the improvements funded by the federal grant money, not the fee interest in the land underneath such improvements. In addition, the health center could be replaced by another non-profit organization or the State hospital system if the lessee is in default. In short, the uses of those federal funded improvements must be consistent with the purposes of the ARRA

grant, unless otherwise authorized. Under the above mentioned case, the federal agency did not agree to a term limit for the federal interest, instead requiring the federal interest run into perpetuity. The Board authorized the consent to the federal interest under those terms and conditions.

By its letter attached as **Exhibit 1**, HCAP request the Board acknowledge the federal interest of \$366,234.03 under the subject lease by executing the Agreement Affecting the Head Start Facility as Part of General Lease No. 5871 ("Agreement") now attached as **Exhibit 2**.

The present subject request is different from the Waianae District Comprehensive Health Center case regarding the term of the federal interest. HCAP advised the staff that the federal agency agreed to a term limit of the federal interest which expires on the same date as the subject lease, December 31, 2031 (emphasis added). Paragraph 11 of the Agreement provides such expiration date of the federal interest. In addition, the federal interest is limited to the scope of the improvements funded by the ARRA grant, i.e. the Head Start facility, defined as the "Property" in the Agreement. Therefore, such federal interest does not encumber the fee title of the property, but is limited to the leasehold interest held by the lessee.

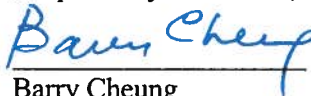
As the federal interest terminates upon the expiration of the lease term and is limited to the Property defined in the Agreement, the federal interest is akin to a mortgage encumbering the subject leasehold interest (emphasis added). In the event HCAP is found default of the lease, the federal agency can nominate a replacement lessee (which will conduct similar community services program) to take the position of HCAP and continue to utilize the facilities according to the condition in the grant program. HCAP is part of a larger nationwide organization and staff believes finding a replacement lessee should not become a problem. Therefore, staff does not have any objection to the request.

There are no other pertinent issues or concerns relating to the request.

**RECOMMENDATION:** That the Board authorize the Chairperson to execute the Agreement Affecting the Head start Facility as Part of General Lease No. 5871 attached as Exhibit 2 herein, subject to the following:

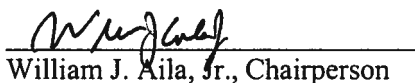
- A. Review and approval by the Department of the Attorney General;
- B. Other terms and conditions as prescribed by the Chairperson which best serve the interest of the State.

Respectfully Submitted,



Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson



Honolulu Community Action Program

# A Non-Profit Human Service Agency

## Main Office Location

33 South King Street, Suite 300 \* Honolulu, HI 96813-4323

Telephone (808) 521-4531 \* Fax (808) 521-4538

## Head Start Offices

(Kapalama) Tel (808) 847-2400 • Fax (808) 847-2302

(Kunia) Tel (808) 621-5099 • Fax (808) 621-3842

RECEIVED

JUL 15 10:29

DEPT OF LAND & NATURAL RESOURCES  
STATE OF HAWAII

RECEIVED  
LAND & NATURAL RESOURCES

2011 JUL 18 A 8:59

RECEIVED  
LAND & NATURAL RESOURCES

June 23, 2011

Mr. William Aila, Jr., Chairperson  
Board of Land and Natural Resources  
State of Hawaii  
P. O. Box 621  
Honolulu, Hawaii 96809

RE: General Lease No. S-5871: Consent to Federal Interest

Dear Mr. Aila Jr. and Board of Land and Natural Resources,

The Honolulu Community Action Program, Inc. (HCAP) is requesting consent for acknowledgement of Federal Interest affecting the property located on the land covered by General Lease No. S-5871 at HCAP 442 Head Start, located at 85-555B Farrington Highway, Waianae, Hawaii 96792, TMK (1)8-5-002-012.

HCAP Head Start occupies a portion of the property under General Lease No. S-5871, Waianae Kai. This fenced area covers approximately 30,000 square feet, consists of two classrooms, a teacher's prep area, a parent room, a food prep kitchen, a storeroom, girls, boys, and adult bathrooms, a large playground area, and parking.

In June 2009, we received a Discretionary Grant from the American Recovery and Reinvestment Act. This grant was used to do a complete abatement of lead based horizontal sidings and frames on the exterior walls and to install new wood siding to the building. This renovation also included new doors and windows with frames, new hardware, new security screens, and complete exterior painting. The lead removal for this project was over \$86,000.00, testing, removal, bagging and shipping the contents to Seattle, WA, for disposal, all within the State and Federal guidelines for the removal of lead based paint. Due to the severity of the old building, other parts of the building were affected by termite damage, electrical wiring, framework, interior drywall, that needed repair or replacement work. Total spent for the removal, repairs, and unforeseen conditions, was \$308,234.03. The project commenced on July 2009 and was completed in September 2009. (See Exhibit C)

Additional Head Start funding was utilized for the completion of interior renovations of the 442 site. This included the installation of a drop grid ceiling, new light fixtures and wiring, painting of the interior walls and partitions. This project cost was \$58,000.00 and was completed in April 2010.

### 2010 - 2011 Board Officers

Kevin A. Souza, Esq.  
Chair  
Ella Abe  
Vice Chair  
Rep. Isaac W. Choy  
Secretary/Treasurer

### 2010 - 2011 Board Members

#### Resident Sector

Lance Jyo  
Central District  
Reverend Ron Valenciana  
Central District  
Aldora Kahele  
Kalihi-Palama District  
Anne Chipchase  
Leahi District  
James Manaku, Sr.  
Leeward District  
Ella Abe  
Windward District  
Ashley Robino  
Head Start Policy Council

#### Public Sector

Terrence Arelani, Esq.  
Office of Senator  
Brian T. Taniguchi  
Rep. Isaac W. Choy  
Office of Representative  
Marcus Oshiro  
Mark L. Forman  
Office of Senator Suzanne  
Chun Oakland  
Karen Iwamoto  
Office of Representative  
Calvin K.Y. Say  
Frank Lopez  
Governor's Representative  
Councilman Ernest Y.  
Martin  
Gary Okino  
Mayor's Representative

#### Private Sector

Don Anderson  
Community Volunteer  
Donna L. Ching  
Leo A. Daly  
Phyllis Ida  
Community Volunteer  
Iris Matsumoto  
First Hawaiian Bank  
Colleen Minami  
Community Volunteer  
William Shiroma  
Bank of Hawaii  
Kevin A. Souza, Esq.  
Native Hawaiian  
Chamber of Commerce

Robert N.E. Piper, Esq.  
Executive Director

### HEAD START OFFICES:

- KAPALAMA  
Tel: (808) 847-2400
- KUNIA  
Tel: (808) 621-5099

### DISTRICT CENTERS

• CENTRAL O'AHU  
Tel: (808) 488-6834

• KALIHI-PALAMA  
Tel: (808) 847-0804

• LEAHI  
Tel: (808) 732-7755

• LEEWARD  
Tel: (808) 696-4261

• WINDWARD  
Tel: (808) 239-5754


EXHIBIT " I "

Mr. William Aila, Jr., Chairperson  
June 23, 2011  
Page -2-

During a triennial Inspection by the Office of Head Start conducted in January, 2011, findings included the Federal Interest Statement that was not included in this General Lease No. S-5871. HCAP Head Start is requesting consent for acknowledgement of the Federal Lease for \$366,234.03, monies spent for the lead abatement, renovations, and repairs to the 442 facility at 85-555B Farrington Highway. The Federal Interest arises because HCAP Head Start has used the grant funds to acquire, and/or construct, and/or improve said Leased premises and will have used such additional amounts awarded in the future for that purpose. The Head Start grant incorporated conditions that include restrictions in the use of the Leased Premises and provide for a Federal Interest in the Leased Premises. The Notice of Federal Interest on the Leased 442 property is not a claim to the land. It will just give the Administration for Children and Families the ability to put in a replacement grantee for the length of the Lease, if for some reason, HCAP is no longer the Head Start grantee.

We are very concerned that a response is required to the Office of Head Start for the acknowledgement of the Federal Interest to comply with Head Start Performance Standards. We would appreciate your review and approval of our request so we would conform to these standards by August 15, 2011.

Respectfully,

A handwritten signature in black ink, appearing to read "Lynn K. Cabato". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Lynn K. Cabato  
HCAP Head Start Director

Enclosures

**Agreement Affecting the Head Start Facility  
as Part of General Lease No. 5871**

This Agreement, made this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by and among the Honolulu Community Action Program, Inc. ("HCAP") and State of Hawaii, by its Board of Land and Natural Resources ("Lessor"), for the property at (442 I & II Head Start), 85-555B Farrington Highway, Waianae, Hawaii 96792, pertains to the lease, identified as General Lease No. S-5871 ("Lease") between these parties entered into on 1<sup>st</sup> day of January 2007.

**WHEREAS**, Lessor is the owner of a parcel of land located at 85-555B Farrington Highway, Waianae, Hawaii 96792, and identified as Tax Map Key: (1) 8-5-002:012 as more particularly described in the Exhibit A attached herein (Land);

**WHEREAS**, HCAP has agreed to lease a fenced area covers approximately 30,000 square feet, consists of two classrooms, a teacher's prep area, a parent room, a food prep kitchen, a storeroom, girls, boys, and adult bathrooms, a large playground area, and parking ("Property") from the Lessor for the purpose of operating a Head Start facility, and;

**WHEREAS**, the Property is further depicted on Exhibit B attached herein.

**WHEREAS**, Honolulu Community Action program, Inc. is a grantee in the Federal Head Start Program ("Head Start"), and;

**WHEREAS**, the Administration for Children and Families ("ACF"), a component of the United States Department of Health and Human Services ("HHS"), has approved an award of Head Start grant to Honolulu Community Action Program, Inc. which will be used to complete a major renovation of the Property, and;

**NOW**, in consideration of the covenants contained herein, it is agreed that the Parties shall amend the Lease under the following terms and conditions:

1. Definitions: Under this Agreement, the following terms are defined as follows:
  - (a) Event of Default: The term "Event of Default" means an event of default under the Lease.
  - (b) Grantee: The term "Grantee" means Honolulu Community Action Program, Inc. and/or a replacement grantee and their heirs, assignees, and successors under this Agreement.
  - (c) Interim Grantee: The term "Interim Grantee" has the same meaning as it is defined in 45 CFR §1303.2.

- (d) Replacement Grantee: The term “Replacement Grantee” refers to an entity designated by ACF to serve as the Head Start grantee subsequent to the end of the role of HCAP in that function.
- (e) Parties: The term “Parties” shall refer to HCAP and State of Hawaii, by its Board of Land and Natural Resources, and their respective heirs, successors, and assignees under this Agreement and the Lease.

2. Grantee’s Obligations

- (a) The Grantee agrees not to assign, or otherwise transfer the Property, or use the Property for any non-grant purposes, without the express written approval of the responsible HHS official, and further subject to the provisions in the Lease.
- (b) The Grantee covenants and agrees to provide ACF with notice:
  - (1) Of any default by the Grantee under the Lease, on the date of the discovery of such default; and
  - (2) That the Lessor has notified the Grantee of its intent to exercise the remedy of cancellation, termination, and/or other remedies, on the day that the Grantee receives such notice from the Lessor.

3. Lessor’s Promise to Notify ACF

The Lessor covenants and agrees to provide ACF with notice:

- (a) Of any default by the Grantee under the Lease, as soon as practicable after the day that the Lessor first knows of such default; and
- (b) That the Lessor intends to exercise its remedy of cancellation, termination, and/or other remedy, on the day that Lessor notifies the Grantee that it intends to exercise such remedy or remedies, or if the Lessor does not notify the Grantee on the day that the Lessor decides to exercise any such remedy or remedies.
- (c) That a lien or other encumbrances affecting title has been attached to the Property.

4. Addresses for Notification to ACF

Whenever notice to ACF is required under this Agreement, the Lessor and the Grantee promise to provide written notification (by registered mail, return receipt requested) to the following ACF offices, or to their successors:

- (a) The Office of the Regional Administrator

Administration for Children and Families  
Office of Head Start, Region IX  
90 Seventh Street, 9<sup>th</sup> Floor  
San Francisco, California 94103  
Telephone Number: (415) 437-8413

- (b) The Office of the Regional Administrator  
Administration for Children and Families  
Office of Grants Management, Region IX  
90 Seventh Street, 9<sup>th</sup> Floor  
San Francisco, California 94103  
Telephone (415) 437-8419

In addition, if the offices listed above has a change of name, address, and/or telephone number, the Grantee further covenants and agrees to take all reasonable action necessary to discover and notify the appropriate government offices.

5. Contents of Notification to ACF

The Lessor and the Grantee covenant and agree to include the following information in the written notice to ACF whenever such notice is required under this Agreement:

- (a) The full names, addresses, and telephone numbers of the Lessor and Grantee;
- (b) The date and the nature of the default and the manner in which the default may be cured and/or an explanation of other circumstances that required the notice;
- (c) In the event that the Lessor will be exercising the remedy of cancellation, termination, and/or other remedies, the date or expected date of the cancellation and/or exercise of other remedies.

6. Grantee's Promise to Notify Lessor of Changes in ACF's Address

The Grantee covenants and agrees to give the Lessor written notice of any change of name, address, and/or telephone number of an ACF office listed in Paragraph 4. If one or more of the ACF offices listed in paragraph 4 stops operating, the Grantee covenants and agrees to give the Lessor written notices of the name, address, and telephone number of the succeeding Federal office(s) to which notice must be given.

7. ACF's Rights in event of the Grantee's Default

- (a) In the event a default occurs under the Lease, the Parties agree that ACF may intervene when it deems a default to have occurred under the Lease, and which default requires ACF's intervention to avoid termination of the Lease by the Lessor, to ensure that the default is cured by the Grantee or another party designated by the responsible ACF official, and that the Lessor, or its assigns, shall accept the payment of money or performance of any obligation by ACF's designee for the Grantee, as if such payment of money or performance had been made by the Grantee.
- (b) Unless as otherwise specified in Paragraph 9 below, ACF shall have thirty (30) days from the date of receipt of notice of the default, that has been served in full compliance with Paragraphs 3 through 5 above, in which to intervene to attempt to cure the default.
- (c) In the event that the Grantee default, is terminated, withdraws from the Head Start grant, or vacates the Lease before the end of the Lease term, ACF shall have the right to designate a replacement for the Grantee for the balance of the Lease term, subject to approval by the Lessor, which will not be withheld except for good reason as provided for in 45 CFR 1309.21.

8. Substitution By ACF Shall Not Constitute An Event Of Default

Notwithstanding any other provisions of the Lease, the Parties agree that any substitution of grantees by ACF shall not constitute an event of default under the Lease. No substitution of an Interim or Replacement Grantee may be made until ACF has provided to Lessor the identity of the Interim or Replacement Grantee, proof of its status to satisfy the standards of this Agreement, and such other information as required to permit Lessor to verify that the Interim or Replacement Grantee, and the programs to be conducted by it at the Property, conform to the standards required by this Agreement. Lessor shall not withhold consent to the Interim or Replacement Grantee if such entity and the programs to be conducted by it conform to the standards of this Agreement. The Parties further expressly covenant and agree that any such substitution by ACF made in accordance with this Agreement shall not trigger termination of the Lease or any other remedy under it.

9. Special Period for Curing Certain Non-Monetary Defaults

With respect to non-monetary defaults that cannot with due diligence be cured within sixty (60) days from the date of receipt of notice of default that has been served in full compliance with Paragraphs 3 through 5 above, if ACF promptly acts to cure the default within the sixty (60) day period and thereafter continues to attempt to cure the default with due diligence, then ACF will request additional time as may be reasonably necessary to finish curing the default.



10. Delay of Exercise of Remedies Pending Cure

In the event of a default under the Lease, Lessor agrees that it shall not commence cancellation or termination of the Lease or any other remedies that affect ownership or possession of the Property until after ACF has been properly served, in full compliance with Paragraphs 3 through 5 above, with notice of default and intent to exercise remedies, and one of the following events has occurred:

- (a) The responsible ACF official informs the Lessor in writing that ACF has decided not to cure the default; or
- (b) ACF fails to timely cure the default within the period of time set forth in this Agreement.

11. Federal Interest in the Property

This Agreement also serves to notify all potential sellers, purchasers, transferors, transferees, mortgagees, creditors, and any other persons or entities who have or may seek to obtain an interest of any kind in the Property of the Federal government's beneficial ownership interest and other interests ("Federal Interest") in said Property, as defined in and/or regulated by the Head Start Act, 42 U.S.C. 9831 et seq., 45 CFR Parts 74, 92, and 1309, and relevant decisions of the United States courts. The ACF has awarded grant funds to HCAP, including, but not limited to grant number Head Start Grant No. 09CH0802/44 on March 1, 2009 to March 31, 2010, and expects to award further amounts in the future. The Federal Interest arises because HCAP has used the grant funds to acquire, and/or construct, and/or improve said Property and will have used such additional amounts awarded in the future for that purpose. The Head Start grant incorporated conditions that include restrictions in the use of the Property and provide for a Federal Interest in the Property and provide for a Federal Interest in the Property through the remaining Lease period that ends on December 31, 2031.

In accordance with the terms of the Federal grant, the Head Start Act, 42 U.S.C. §9831 et seq., 45 CFR Parts 74, 92, and 1309, and relevant decisions of the United States courts, the restrictions on the Property include, among others, the following:

The Property may not be used for any purpose inconsistent with that authorized by the Head Start Act and applicable regulations.

The Property may not be encumbered, used as collateral, sold or otherwise transferred to another party without the written permission of the responsible HHS official.

The grant conditions and requirements cannot be altered or nullified through a transfer of ownership.

Further information regarding the Federal Interest in the Property described in this Notice can be obtained from **the Administration for Children and Families, Office of Grants Management, 90 Seventh Street, 9<sup>th</sup> Floor, San Francisco, California 94103.**

12. **Assumption Agreement**

Any Interim or Replacement Grantee must, as a precondition to its occupancy of the Property, executed an Assumption Agreement in the form annexed to this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement pursuant to the authority duly given them.

**HONOLULU COMMUNITY ACTION PROGRAM, INC.**

By: \_\_\_\_\_  
Robert N. E. Piper, Esq., Executive Director

Dated: this \_\_\_\_ day of \_\_\_\_\_ 2011.

**STATE OF HAWAII, DEPARTMENT OF LAND &  
NATURAL RESOURCES**

By: \_\_\_\_\_

Dated: this \_\_\_\_ day of \_\_\_\_\_ 2011.

## **ASSUMPTION AGREEMENT**

The undersigned, Honolulu Community Action Program, Inc. (HCAP), an Interim or Replacement Grantee designated by the Administration for Children and Families under the terms of the Agreement dated \_\_\_\_\_, between Honolulu Community Action Program, Inc. (the "Grantee") and State of Hawaii, Department of Land & Natural Resources (DLNR) (the "Lessor"), for the property at 85-555B Farrington Highway, Waianae, Hawaii 96792, hereby assumes the obligations of the prior tenant and grantee under the Lease entered into January 1 2007, the Agreement entered into \_\_\_\_\_, and any subsequent amendments thereto. Further, the undersigned agrees to perform each and every obligation and terms of these documents as if the documents had been signed in the first instance by the undersigned. The undersigned acknowledges that it is a not-for-profit entity and that the use of the Property will be limited to conducting a Head Start Program in accordance with the rules and regulations affecting such programs.

### **HONOLULU COMMUNITY ACTION PROGRAM, INC.**

By: \_\_\_\_\_  
Robert N. E. Piper, Esq., Executive Director

Dated: this \_\_\_\_ day of \_\_\_\_\_ 2011.



**STATE OF HAWAII**

**SURVEY DIVISION**

**DEPT. OF ACCOUNTING AND GENERAL SERVICES**

**HONOLULU**

**C.S.F. No. 21,964**

**June 18, 1993**

**MULTI-PURPOSE COMMUNITY FACILITY SITE**

**Waianae-Kai, Waianae, Oahu, Hawaii**

Being a portion of the Government (Crown) Land of Waianae set aside as Waianae-Kai Military Reservation by Presidential Executive Order 8109 dated May 3, 1939 (Tract 1, Parcel 2) and subsequently conveyed to the State of Hawaii by the United States of America by the following:

1. Deed dated April 11, 1964 and recorded in Liber 4738, Page 178 (Land Office Deed S-20993).
2. Deed dated January 5, 1985 and recorded in Liber 18506, Page 318 (Land Office Deed S-27480).

Beginning at the east corner of this parcel of land and on the southwest side of Farrington Highway, Project No. 93B-01-75, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PAHEEHHE NEW" being 2187.66 feet North and 7995.62 feet West, thence running by azimuths measured clockwise from True South:-

1. 38° 27' 30" 486.41 feet along Waianae Regional Park, Part B, Governor's Executive Order 3177;
2. 128° 27' 30" 309.25 feet along Waianae Regional Park, Part B, Governor's Executive Order 3177;
3. 208° 58' 39" 487.21 feet along Addition to Waianae Regional Park, Part B;
4. Thence along the southwest side of Farrington Highway, Project No. 93-B-01-75, on a curve to the left with a radius of 12040.00 feet, the chord azimuth and distance being:  
307° 44' 13.64" 72.11 feet;

**EXHIBIT "A"**

PRELIM. APPR'D.  
Department of the  
Attorney General

21,964

C.S.F. No.

June 18, 1993

5. 307° 33' 56"

317.44 feet along the southwest side of Farrington Highway, Project No. 93B-01-75 to the point of beginning and containing an AREA OF 3.880 ACRES.

Subject, however, to Perpetual Slope Easement S-6 granted to the State of Hawaii by the Secretary of the Army under an unrecorded indenture dated June 8, 1979 as shown on plan attached hereto and made a part hereof.

Reserving, also to the State of Hawaii its successors and assigns a portion of Slope Easement S-5 as shown on plan attached hereto and made a part hereof.

Excepting and reserving to the United States of America, its successors and assigns, two buildings on the above-described parcel of land, consisting of approximately 3,500 square feet each and known as Buildings T-38 and T-39, together with the right of ingress and egress.

SURVEY DIVISION  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
STATE OF HAWAII

By: Joseph M. Matsuno  
Joseph M. Matsuno  
Land Surveyor gm

Compiled from data furnished  
by C&C of Honolulu, CSFs  
19595, 20657 and other Govt.  
Survey Records.

PRELIM. APPR'D.  
Department of the  
Attorney General



NOT TO SCALE

American Recovery and Reinvestment Act  
Award Number 09SE0802/01  
Lead Abatement and Replacement at 442 HCAP Head Start  
Cost Breakdown

The following is a breakdown of the actual costs of the project:

1. Abatement of lead based horizontal sidings, door and window frames .....	\$86,200.00
2. Install new siding, frames, doors, windows, Security screens and exterior paint.....	<u>\$179,622.96</u>
Original Total	\$265,822.96

Unforeseen Conditions after siding removal: Termite damage, electrical wiring, framing, and siding (includes labor).

1. Lumber replacement.....	\$17,493.19
2. Electrical work.....	5,141.88
3. Siding at kitchen and bathrooms.....	<u>19,776.00</u>
Additional Costs	\$42,411.07
	<u>\$42,411.07</u>
Actual Job Cost	\$308,234.03

=====

Budget Shift  
442 HCAP Head Start  
Interior Renovations

The interior of 442 HCAP Head Start was done with budget shifts:

The work included a drop in ceiling, new light fixtures and wiring  
and painting of the interior walls and partitions.....\$58,000.00

**Grand Total of Both Projects      \$366,234.03**

**EXHIBIT C**